

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
February 18, 2010

Subject: Monthly Investment Report

Background and Summary:

Attached is the Monthly Investment Report for the Long Term Portfolio as of December 31, 2009.

- Page 1 summarizes the assets as of December 31, 2009.
- Page 2 reports the performance of Marketable Securities by asset class for select periods ending December 31, 2009.
- Page 3 reports the performance for the entire portfolio by asset class as of September 30, 2009. The investment performance of Alternative Assets is reported with this one quarter lag in order to gather the requisite information from the limited partnerships.
- Page 4 summarizes the assets as of September 30, 2009.

Respectfully submitted,



Erik Lundberg, CFA
Chief Investment Officer



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2009
attachment

**LONG TERM PORTFOLIO
Asset Allocation
As of December 31, 2009**

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,750.7	26.0%
Fixed Income	611.1	9.1
Cash	111.3	1.7
Total Traditional Assets	\$ 2,473.2	36.7%
Absolute Return	1,294.6	19.2
TOTAL MARKETABLE SECURITIES	\$ 3,767.8	56.0%

ALTERNATIVE ASSETS (Illiquid) ^(a)	Market Value in millions	Allocation
Venture Capital	\$ 520.2	7.7%
Private Equity	928.1	13.8
Real Estate	828.1	12.3
Energy	686.0	10.2
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 2,962.5	44.0%
TOTAL LONG TERM PORTFOLIO	\$ 6,730.3	100.0%

Note: Subtotals may not add due to rounding.

(a) Allocations to Alternative Assets (Illiquid) reflect market values as of September 30, 2009, the most recent date available, adjusted for contributions and distributions through December.

**LONG TERM PORTFOLIO
Performance
Marketable Securities Only ^(a)
As of December 31, 2009**

MARKETABLE SECURITIES	Market Value in millions	3 Months	Return in Percent	
			Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES ^(a)	\$ 3,767.8	3.10	16.52	26.74
Custom Benchmark for Marketable Securities		2.68	15.81	24.74
Blended Index - 80% Equities/20% Fixed Income		3.77	18.87	25.68
Equities	\$ 1,750.7	3.62	23.16	38.27
Russell 3000/Citigroup BMI EX US/IFC-I		4.57	24.01	37.19
Fixed Income	611.1	0.26	10.74	16.92
Lehman Aggregate/Long Bond		-1.22	4.82	3.97
Cash	111.3	0.35	0.67	1.98
Treasury Bills		0.04	0.11	0.21
Absolute Return	1,294.6	4.00	12.58	20.09
Custom Absolute Return Benchmark ^(b)		1.46	7.05	13.33

(a) These returns do not include Alternative Assets (Illiquid), which are valued only quarterly. Alternative Assets (Illiquid) returns and total portfolio returns therefore will be reported quarterly when the data becomes available.

(b) CA FOF Median Benchmark prior to 10/1/2009 and HFRI FOF Composite Index thereafter.

Performance Summary
LONG TERM PORTFOLIO
As of September 30, 2009

LONG TERM PORTFOLIO	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL LONG TERM PORTFOLIO	\$ 6,656.6	9.38	12.85
Custom Benchmark for Long Term Portfolio		8.66	12.52
80/20 Blended Index		14.56	21.12

MARKETABLE SECURITIES	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL MARKETABLE SECURITIES	\$ 3,760.6	13.01	22.92
Custom Benchmark - Marketable Securities		12.79	21.49
Equities	\$ 1,726.7	18.86	33.44
Russell 3000/Citigroup BMI EX US/IFC-I		18.59	31.20
Fixed Income	664.5	10.45	16.62
Lehman Aggregate/Long Bond		6.12	5.26
Cash	92.7	0.32	1.63
Treasury Bills		0.07	0.17
Absolute Return	1,276.8	8.25	15.47
CA FOF Median benchmark		5.51	11.70

ALTERNATIVE ASSETS	Market Value	Return in Percent	
	in millions	Fiscal YTD	Calendar YTD
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 2,896.0	4.83	1.32
Custom Benchmark - Alternative Assets (Illiquid)		1.83	-2.20
Venture Capital	\$ 507.4	3.76	2.15
CA Venture Capital Index		2.30	-0.42
Private Equity	909.6	6.65	9.86
CA Private Equity Index		6.81	7.88
Real Estate	794.0	1.29	-11.81
NCREIF Property Index		-3.32	-15.07
Energy	684.9	7.48	7.39
CA Energy Index		1.81	2.75

Performance for all assets is shown as of September 30, 2009, to be consistent with the most recent valuation date for alternative assets.

LONG TERM PORTFOLIO
Asset Allocation
As of September 30, 2009

MARKETABLE SECURITIES	Market Value in millions	Allocation
Equities	\$ 1,726.7	25.9%
Fixed Income	664.5	10.0
Cash	92.7	1.4
Total Traditional Assets	\$ 2,483.8	37.3%
Absolute Return	1,276.8	19.2
TOTAL MARKETABLE SECURITIES	\$ 3,760.6	56.5%

ALTERNATIVE ASSETS (Illiquid)	Market Value in millions	Allocation
Venture Capital	\$ 507.4	7.6%
Private Equity	909.6	13.7
Real Estate	794.0	11.9
Energy	684.9	10.3
TOTAL ALTERNATIVE ASSETS (Illiquid)	\$ 2,896.0	43.5%
TOTAL LONG TERM PORTFOLIO	\$ 6,656.6	100.0%